

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1826

February 20, 2009

SUMMARY OF BILL: Increases the retirement benefit improvement from five percent to ten percent effective January 1, 2010. Increases the retirement allowance at various levels for certain retired members whose retirement occurred before July 1, 1989.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$114,988,900/Annual Amortized
Cost**

**Increase Federal Expenditures - \$17,273,100/Annual Amortized
Cost**

**Increase Local Expenditures - \$42,113,100/Annual Amortized
Cost***

Assumptions:

- Total lump sum pension liability of \$1,743,502,200.
- Annual amortization cost assumes a 20-year lump sum liability.
- K-12 teachers reflects a 60 percent - 40 percent ratio between state and local funding.
- Funding ratio for state employee cost is 75 percent state and 25 percent federal.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

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